

TRANSCRIPT OF 2nd ANNUAL GENERAL MEETING OF AARTI SURFACTANTS LIMITED

HELD ON TUESDAY,

SEPTEMBER 22, 2020 AT 04:00 PM IST THROUGH VIDEO CONFERENCING

PRESENT;

SHAREHOLDERS : 74 shareholders

CHAIRMAN & BOARD MEMBERS:

Shri Mulesh M. Savla	Chairman & Independent Director
Shri Nikhil Parimal Desai	Managing Director
Shri Chandrakant Vallabhaji Gogri	Non-Executive Director
Shri Dattatray Sidram Galpalli	Non-Executive Director
Shri Santosh Madhaorao Kakade	Whole-time Director
Smt. Misha Bharat Gala	Independent Director

Raj Sarraf *Dear Shareholders, Chairman, Board Members and Invitees,*

Good Evening

I Raj Sarraf welcome you all to the 2nd Annual General Meeting of Aarti Surfactants Limited.

Covid-19 pandemic waves have not yet settled down and pose various challenges in one's life through unlike means & ways. I wish you all are safe and taking good care of yourself and family members especially in this adverse time.

Adhering to Government Advisories, the Company is vigilant and conducting this meeting through video conferencing. In this regard, let me state that;

- Facility of joining this AGM through Video Conferencing and Other Audio Visual Means is being made available on first come first serve basis.*
- To maintain the decorum and hassle free conduct of the meeting - All the members - who have joined this meeting, are put on Mute by the moderator.*

- *Those who have registered themselves as Speaker Shareholders – will be allowed to speak- Members are requested to use internet with good speed to experience a seamless conduct of the meeting.*
- *The Members can also communicate their questions through Question and Answer box provided just below the live streaming screen. Such members are requested to frame their questions precisely. The questions raised by the members will be replied by the Company suitably.*
- *The members are requested to use the internet with good speed to experience a seamless conduct of the meeting.*
- *The attendance of the members participating in the AGM through Video Conferencing shall be counted for the purpose of ascertaining the quorum.*

Dear Shareholder,

In today's meeting; we have with us;

- I. Shri Mulesh Savla, Independent Director, Chairman of the Board and Audit Committee,*
- II. Shri D. S Galpalli, Chairman of the Stakeholders Relationship Committee,*
- III. Shri Tejas Parikh, Representative of the Statutory Auditors, M/s Gokhale & Sathe,*
- IV. The Scrutinizer and the Secretarial Auditor CS Shri Sunil Dedhia is present,*

And to begin with the proceedings of today's meeting, a requisite quorum is present

Requisite Records and Registers are made available for inspection electronically.

I now request our Chairman to commence the proceedings of the Meeting.

Chairman: *Good Evening , Ladies and Gentlemen,*

I, Mulesh M. Savla, Chairman, welcome you all to the 2nd Annual General Meeting of your Company.

Now I would like to introduce our Board Members.

1. Shri Nikhil Parimal Desai

He is Managing Director of the Company. He has done MS in Telecommunications & Networking and also holds a Business Management degree from USA. His experience of about 2 decades includes Project Management, Sales & Marketing, Business Strategy & Process Improvement. He is a member of Stakeholder Relationship Committee of the Board.

2. Shri Chandrakant V. Gogri

He is a Non – Executive Director of the Company. He is founder of Aarti Group. A kind hearted social worker, a visionary technocrat, promoter and founder chairman of this Company and he continues to guide us on various matters. He is a member of Audit Committee and Nomination and Remuneration Committee of the Board.

3. Shri D. S. Galpalli

He is a Non – Executive Director of the Company. He is having a rich experience of working since last 39 Years in various Chemical Industries producing specialty chemicals. He Chairs, stakeholder relationship Committee of the Board.

4. Shri Santosh Kakade

He is a Whole - Time Director of the Company with over 20 years of Experience in the field of Chemical Industry.

5. Ms. Misha Gala

She is an Independent Director of the Company. She is a Chartered Accountant by profession. During her career span as Chartered Accountant she has worked with leading multinationals in the Finance Field. She is chairman of Nomination and Remuneration Committee and member of Audit Committee.

Notice of the AGM dated August 20, 2020 and the copy of Annual Report has already been circulated to the members of the Company electronically. With your permission I take them as read.

My Fellow Shareholders,

It gives me pleasure to welcome you all to the 2nd Annual General Meeting of the Company. On behalf of the Board of Aarti Surfactants Limited, I thank you all for joining us today. Your presence is indeed a true testimony to your support for the Company.

With much pride, I am happy to share that equity shares of your Company got listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on July 14, 2020. I welcome all new shareholders to our extended family.

Aarti Surfactants Limited, your Company is a renowned supplier of innovative and high-quality specialty surfactants. Your Company produces both ionic as well as anionic specialty surfactants that find applications in industries such as Home & Personal Care, Agro and Oil industries, and Industrial Applications, among

others. It has created a distinctive identity for itself in the global markets backed by its diversified portfolio customised as per the clients' needs

The year in review i.e. 2019 - 20 has witnessed a broad-based slowdown in global manufacturing activity, rising international trade barriers, a sharp decline in domestic consumption, and the outbreak of novel Coronavirus (Covid-19). Despite tough economic conditions, we continued our growth trajectory unabated and exhibited remarkable business resilience. We registered a commendable top-line growth of 23.3% over FY 2018-19 and successfully turned around our business, posting positive net profits of Rs. 209.11 Lakhs this year as against the loss of Rs. 647.94 Lakhs in the previous year.

During the year 2019-20, On Standalone Basis, Revenue from Operations stood at Rs. 32,586.40 Lacs for FY 2019-20 as against Rs. 26,432.32 Lacs for FY 2018-19. Similarly the exports for the year were at Rs. 5,344.07 Lacs for FY 2019-20 as against Rs. 3,476.93 Lacs for FY 2018-19. Company's Earnings Before Interest Depreciation and Taxes stood at Rs. 2,380.52 Lacs in FY 2019-20 as compared to Rs. 523.15 Lacs in FY 2018-19, registering a growth of 355.04%., Net Profit after Tax for the period was Rs. 209.11 Lacs as compared to Net Loss of Rs. 647.94 Lacs in Financial Year 2018-19. On consolidated basis, Consolidated Revenue from Operations for FY 2019-20 was at Rs. 32,586.40 Lacs and Consolidated Net Profit after Tax was Rs. 208.61 Lacs.

We further enhanced our business by leveraging our diverse portfolio of high quality and customised products; longstanding and well-nurtured customer relationships; and technical prowess that makes us globally competitive. Our focus on developing best-in-class products by using the right chemistry has been well-complemented by our agile supply chain and an extensive distribution network. This enabled us to capture unique opportunities presented by our customer industries spread across the globe.

We strive to strengthen our presence in geographies that hold significant potential owing to their rising consumption of hygiene products, a youthful demographic and a lack of quality local production.

Covid-19 Developments and Opportunities -

The outbreak of the Covid-19 pandemic towards the end of the fiscal year upended the Indian economy, suspended business activities, and brought about unprecedented slowdown across the majority of the industries. With the Government imposing lockdowns and travel restrictions, industries across the country struggled to adapt to the volatile markets and rapidly changing consumer expectations. While this impacted our performance marginally in the fourth quarter, we could continue our operations with regulatory approvals even during

the lockdown phase, thanks to our product portfolio, the majority of which cater to essential categories. We responsibly focused on leveraging our essential products' portfolio that caters to the health and safety category of the FMCG sector.

Even as we focused on improving our cost efficiencies, our operational expenses have been on the rise as a direct impact of Covid-19. Nevertheless, we ensured that the health and safety of employees at our plants were not compromised. We revamped our production units once the relaxations in restrictions were announced and implemented standard operating procedures to maintain safety and hygiene at workplaces.

At Aarti Surfactants Limited, we believe in serving Customers Responsibly, efficiently and with good science. We are committed to keep-on upgrading ourselves towards sustainable goals in the areas of health, safety and environment. Our both the manufacturing plants are zero liquid discharge units. Your Company will strive to make products in an efficient way that leads to improved yields, better product qualities and cost effectiveness.

We also remain well-positioned to capture the growing market opportunities and value creation for all the stakeholders. At the end of the Financial year, your Company had a team of 337 employees. Your company under the leadership of a young and dynamic MD Mr. Nikhil Parimal Desai, and an experienced and seasoned Whole Time Director, Mr. Santosh Kakade, aims to build a self-motivated and an efficient team, which can be a great differentiator for us amongst our competitors.

On behalf of my colleagues on the Board, I would like to express my sincere gratitude to all the Shareholders, Employees, Customers, Suppliers, Financial Institutions, Government and Semi government agencies and all other business associates and partners for being with us. It is their goodwill that renews our belief in ourselves and our potential to be more. I would particularly like to thank all the employees of Aarti Surfactants Limited for their dedication, hard work and commitment towards the Company. We look forward to successful years ahead with several new initiatives planned.

Raj Sarraf *Dear Shareholders,
For today's meeting we have 5 Agenda Items of which we have 2 Ordinary businesses and 3 Special businesses.*

Out of this 5 agenda items, 4 agenda items would be passed as Ordinary Resolution and 1 as Special Resolution.

1. *The first agenda item for today's meeting is Adoption of Standalone and Consolidated Financial Statements*
2. *Second, Appointment of Shri Chandrakant Vallabhaji Gogri, as a Director, liable to retire by rotation*
3. *Third, Variation in terms of Remuneration of Executive Directors*
4. *Fourth, Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing funds upto ₹ 150 Crores.*
5. *Fifth, Ratification of remuneration of Cost Auditor for FY 2020-21.*

Pursuant to the prevailing regulatory requirements, the Company had provided the facility of remote e-voting in respect of business to be transacted at the AGM through the NSDL platform to all the shareholders holding shares as on cut-off date which was Tuesday, September 15, 2020.

The remote e-voting period commenced on Saturday, September 19, 2020 at 9:00 AM and concluded on Monday, September 21, 2020 at 5:00 PM.

The facility to vote during the meeting has been provided for the members who are present in the meeting and have not casted their votes through remote e-voting facility.

Before proceeding with the E-voting, I would like to invite members who have registered themselves as speaker shareholders and Speaker Shareholders may please note that:-

- *Your names shall be announced one by one.*
- *Once your name is announced, the moderator will unmute you.*
- *You may start your video and proceed further with your questions.*
- *Owing to any reasons, if you are not able to start the video, you can speak through audio mode.*
- *You are requested to use earphones or headphones while speaking to ensure audibility.*
- *I request you to ensure that there is no background interruption while you are speaking.*
- *Also, you are requested to ensure uninterrupted internet connectivity.*
- *Make sure that there are no other background applications running on your device and there is proper lighting for good video experience.*
- *In case of any audio or visual disruption, the Company may put you on hold and move to the next speaker. You may be allowed to continue at the end after all the speakers have finished.*
- *I request the members to limit their speech to 3 minutes and*

restrict themselves to the business relating to the AGM only.

Raj Sarraf

To begin with, I request Mr. Tanil Khanna (ID: IN301356 20668154), you are unmuted. You are requested to turn your video and proceed.

Tanil Khanna

Ok. Chairman Sir, Board of Directors and fellow shareholders, I am new entrant as a Shareholder of the Company. I would like to know about the growth prospect of our Company and I would like to Thank to Secretarial team for actively coordinating with me and giving me the opportunity to speak at the AGM.

Raj Sarraf

Thank You Mr. Khanna. Moving on to our next speaker. I now request Mr. Jehangir Batiwala, Demat A/c no:- IN30611490109668 to begin with. Mr. Batiwala you are unmuted. You are requested to turn on your video and proceed.

**Jehangir
Batiwala**

Good morning Sir. Respected Chairman, Other dignitaries on VC, Company Secretary, Mr. Raj Sarraf, fellow shareholders on VC, Good morning to all of you. My name is Jehangir and I hope and pray that everybody, the whole family of Aarti Surfactants Limited is safe and sound. First of all compliments to the Secretarial Team for bringing out colorful Annual Reports which addresses to all the Corporate Governance Norms. We have received all the reports on time through Email. Sir in lieu of the worldwide pandemic, I would like to know how much the door of opportunity is open for Aarti Surfactants to Strive in view of the ongoing pandemic. Sir have we come out with any suitable product which can be used for COVID – 19 Pandemic. And what is the range for Hand Sanitizers, Facewashes etc. Sir are we also into Exports and in how many countries we export and what is the volume. How we are planning to tackle the pandemic. What would be the Capex and funding and R & D Capex and Funding? Road Map for two years down the line. There are many others to speak so I will cut down my speech. Thank you for allowing me to speak and wishing you all the best for future and my compliment for the festive season and I whole heartedly support all the resolutions.

Raj Sarraf

Thank You Mr. Jehangir. Moving to our next speaker I now request Mr. Anil Parekh (CLID: 1202700000216180) to begin with. Mr. Anil Parekh, you are unmuted. You are requested to turn on your video and proceed.

Anil Parekh

First of all, good afternoon to you all and I am deeply touched with the company's second year proceedings on financial front. But before that I would like to thank secretarial team for extending a friendly relationship to us and following highest corporate governance and few companies in

corporate world that follows is Corporate governance. I am & I have proud privilege to be a Shareholder of Aarti Surfactants limited a new child in Aarti Group demerged from Aarti Industries Limited.

In the second year of Operation we have achieved a turnover of rupees Rs. 355 crore against last year's Rs. 264 Crore. However, it is premature to compare our financial performance. Few of my questions do we have more than one segments. What we would like to add in our existing portfolio and what is the total market PAN India and where we are as far as export possibilities are concerned. Sir, recently our shares were listed on BSE and NSE on 14 July since then it is gaining interest and doing very well on Capital Market and our market price is the touch Rs. 500. So I would advise all the investor to buy this stock or for your future growth.

I'm very much ambitious on this stock. Due to Covid 19 Pandemic and another virus can we be able to penetrate in the hygiene Market? Any capital expenditure you're planning this year? Also we have one Aarti HPC wholly owned subsidiary what is its role in the company as it is not having income or expenditure. So I'm ending here my speech by thanking you all for giving me patient hearing and I strongly and wholeheartedly support all the resolution. Thank you Raj. Thank you.

Raj Sarraf

Thank You Anil Parekh. Now request Mr. Rohinton Framroze Batiwala Demat a/c no:-IN30611490067222 to begin with. Mr. Batiwala you are unmuted. You are requested to turn on your video and proceed.

**Rohinton
Framroze
Batiwala**

Respected Chairman, Shri Mulesh Manilal Savla, Other Board of Directors, my fellow shareholders Good Afternoon to all of you. Sir, My name is R F Batiwala from Mumbai and thanks for inviting me to speak on this virtual conferencing meeting. It is indeed a great pleasure to see all after a year in this virtual conference platform, but sad that we are not meeting. Sir, I salute to our Company Secretary for arranging the AGM in spite of this world over pandemic issue. Sir, Our Company Secretary took lot of efforts and pain in arranging the meeting through video conferencing in spite of work from home Agenda which was given by our great prime minister Shri Narendra Modi. See our Company secretary has sent the Annual report well ahead of time through email so that we could go through it. Sir, the AGM report is quite nicely drafted and has given minute to minute Details of the company, even a Layman can also understand. Sir, the AGM report is quite knowledgeable, educative, and informative and has covered all the necessary norms of corporate governance. Well done Company Secretary Sir. Sir our Company has shown all-round progress in performance in each and every respect which is clearly shown and self-explanatory

Within a Span of 2 years time our dear company has made such a wonderful and thunderous progress. Hats off to all the Directors and our dear and excellent Chairman. Regarding Dividend, Board of Directors has not recommended any Dividend by saying that they have to conserve the funds of the Company. Sir Please do not worry about Dividend let first our Company grow and then we talk about Dividend. We have full trust in team of Directors and Management. Sir, what is the roadmap and Capex programme for the next financial year and how do you think you will fund it? Second, Sir, what is our R&D program for next financial year? Sir, how does our staff fairing in this been pandemic? Sir, what has company done for the staff in this Covid-19? What Financial support company has given to the staff? Sir, In my speech I give prayers to Almighty Lord to bring our company to newer and greater heights under your Dynamic chairmanship with the help and cooperation of other Directors. Sir. I once again to thank you for allowing me to speak and give patience hearing With this sir, I support all your resolutions. Thank you, sir. Jai Hind

Raj Sarraf

Thank You, Mr. Batiwala. Now I request, Shri Chandrakant V. Gogri to answers this questions.

**Chandrak-
ant Gogri**

Thank You, Mr. Sarraf. First of all I will answers Mr. Khanna's question about growth prospect of our Company. See if you might be knowing the history of Aarti Surfactants, it was a part of loss making division of Aarti Industries Limited and it was making loss for five years at that time Aarti Management decided to give focus and have separate Company and that is why this Company was demerged into separate entity to have focus and improve the profitability. I am really glad to tell you that in the very second year we have come out of loss and come to profits. As profitability was less to get the loans we are struggling, we are trying to get the loan Term loan as well as working capital and we are quite hopeful of growth in top line. Additional capacity will help in improvement in profit but what profit will come we will come to know on six months revenues. Now I will answer Batiwala, there are good opportunities for this products in India as well as abroad. In pandemic also factories were Closed for initial period but subsequently company was running in compliance with all the Government guidelines. We are quite hopeful we will have better turnover. R&D work is going on, once we receive the term loan and fund requirement definitely in years to come we will be able to come out with flying colours. Our export is about 10 -15%, there is good scope for soft-mild Surfactants that we will be able to market abroad as well as locally. We are marketing in USA, Europe and Middle East and are trying to market all over the world but because of Pandemic our marketing team

was not able to market our products. Market of surfactants is quite large. There is good scope to increase the market for India but as you know we are new and some branded companies like Godrej, Galaxy Surfactant are old and we have to compete but we are quite hopeful we will increase our market sales in couple of years. New subsidiary is put for tax benefit purpose and as such we have to expand as well. I have already told that CAPEX would be there but it may be less considering the ongoing Pandemic but we are working to get the loan and how the funds could be raised. Operating Margin will improve with increase in capacity utilization and increase in turnover. Next four to five year we will have good performance. Plan to finance we will discuss in the Board Meeting but we may definitely require finance to reduce the Debt and to increase working capital requirements. We have products under R& D, EBIDTA will also improve and Profitability will also improve. We are not dependent on China for any raw material not for sales. We have only one sector that is surfactants manufacturing. This is an exclusive company for surfactant manufacturing. Shares of Aarti Drugs was sold to meet the Capital Expenditure of the Company and the shares were sold in the market. Since there are no more questions I request Raj Sarraf to takeover.

Raj Sarraf:

Thank you very much sir, you have answered all the questions which you have received in question answer box as well

Now I request the members who have not voted - to vote now via e-voting system provided by NSDL and instructions to the same are given in the notice convening AGM.

Please note that members who have already voted electronically through remote e-voting are not eligible to vote again. The e-voting at AGM shall remain open for the next 15 minutes. E-voting modules shall be disabled by the NSDL for voting thereafter.

The Company has appointed Shri Sunil M. Dedhia, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting and e-voting process in a fair and transparent manner.

Within 48 hours from the conclusion of the meeting, the scrutinizer shall submit a consolidated report, which will be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

The outcome of the meeting will be cumulative count of remote e- voting and e- voting during the AGM.

Since all the questions we have received through the speakers and through Chat Box are answered still if you any further questions or clarification you may write to us we will reply those question soon,

Since all the businesses mentioned in the AGM notice are transacted, all the questions are answered I request the Chairman to declare the meeting as concluded.

Chairman:

Thank You, Mr. Raj . I now request shareholders who have not caste there vote to cast their vote in next fifteen meeting.

With the completion of the above proceedings, I now declare the meeting as concluded. I thank members for joining the meeting through VC and having spared their valuable time for attending this AGM. Once again thank you and stay safe.

Raj Sarraf

Thank You Very much
